

1 State of Arkansas
2 89th General Assembly
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4

As Engrossed: S3/20/13

A Bill

HOUSE BILL 1933

5 By: Representative Wardlaw
6 *By: Senator J. Woods*
7

For An Act To Be Entitled

9 AN ACT TO AUTHORIZE A LIMITED LICENSE FOR SELF-
10 SERVICE STORAGE INSURANCE; AND FOR OTHER PURPOSES.
11

Subtitle

14 TO AUTHORIZE A LIMITED LICENSE FOR SELF-
15 SERVICE STORAGE INSURANCE.
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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20 SECTION 1. Arkansas Code Title 23, Chapter 64, Subchapter 2,
21 concerning general qualifications for licensure, is amended to add an
22 additional section to read as follows:

23 23-64-233. Limited license for self-service storage insurance.

24 (a) As used in this subsection:

25 (1) "Customer" means an individual or entity that obtains the
26 use of a storage space from a self-service storage facility under the terms
27 of a self-service storage rental agreement;

28 (2) "Insured customer" means a customer that purchases insurance
29 under a self-service storage insurance policy that is sold, solicited, or
30 negotiated by a self-service storage facility;

31 (3) "Limited licensee" means an owner authorized by this
32 subsection to sell certain coverages relating to the rental of space within a
33 self-service storage facility;

34 (4)(A) "Owner" means the owner, operator, lessor, or sub-lessor
35 of a self-service storage facility.

36 (B) "Owner" includes an owner's agent and any other person



1 authorized by the owner to manage the self-service storage facility or to
2 receive rent from a customer under a rental agreement;

3 (5) "Personal property" means movable property not affixed to
4 land and includes without limitation goods, wares, merchandise, household
5 items, and vehicles;

6 (6) "Rental agreement" means a written agreement or lease that
7 establishes or modifies the terms, conditions, rules, or other provisions
8 concerning the use and occupancy of a self-service storage facility;

9 (7)(A) "Self-service storage facility" means any real property
10 designed and used for the purpose of renting or leasing storage space to
11 customers that are given access to the storage space to store and remove
12 personal property.

13 (B) "Self-service storage facility" does not include
14 storage space that is used for residential purposes;

15 (8)(A) "Self-service storage insurance" means insurance that
16 provides coverage for personal property stored at a self-service storage
17 facility during the term of an insured customer's rental agreement against
18 any one (1) or more of the following causes:

19 (i) Loss;

20 (ii) Theft;

21 (iii) Damage; or

22 (iv) Other loss directly related to the rental of
23 the self-service storage space.

24 (B) "Self-service storage insurance" does not include:

25 (i) Homeowners or renters insurance; or

26 (ii) Private passenger automobile, commercial multi-
27 peril, or similar insurance; and

28 (9) "Supervising entity" means a business entity that is an
29 insurer or insurance producer licensed under the insurance laws of this
30 state.

31 (b) The Insurance Commissioner may issue to a self-service storage
32 facility that has complied with the requirements of this subsection a limited
33 license authorizing the limited licensee to offer or sell insurance in
34 connection with the rental of self-service storage facilities and the
35 corresponding rental agreements.

36 (c) A self-service storage facility shall not sell or offer insurance

1 in connection with the rental of storage space unless the owner has procured
2 a limited license from the commissioner.

3 (d) The commissioner may issue a limited license to an owner upon
4 written application by the owner, without examination, on a form prescribed
5 by the commissioner.

6 (e) If this subsection is violated by a limited licensee or by the
7 limited licensee's employee or authorized representative, the commissioner
8 after notice and a hearing may impose:

9 (1) A fine not to exceed five hundred dollars (\$500) for each
10 violation or five thousand dollars (\$5,000) in the aggregate; and

11 (2) Other penalties that the commissioner deems necessary and
12 reasonable to carry out the purpose of this subsection, including without
13 limitation:

14 (A) Suspending the privilege of transacting self-service
15 storage insurance under this subsection at a specific self-service storage
16 facility where a violation has occurred; and

17 (B) Suspending or revoking the ability of an individual
18 employee or authorized representative of the owner to act under the owner's
19 limited license.

20 (f) A limited licensee is authorized to offer or sell coverage under a
21 policy of self-service storage insurance on behalf of a licensed insurer
22 only:

23 (1) In connection with a rental agreement;

24 (2) As an individual policy issued to an individual customer for
25 personal property insurance;

26 (3) For policy forms and rates that have been filed in
27 compliance with § 23-67-201 et seq. and § 23-79-101 et seq.; and

28 (4)(A) When brochures or other written materials have been filed
29 with the commissioner in compliance with § 23-79-101 et seq. and are made
30 readily available to each prospective customer.

31 (B) The brochures or other written materials shall:

32 (i) Disclose that self-service storage insurance may
33 duplicate coverage already provided under a customer's homeowners insurance
34 policy, renters insurance policy, or other coverage;

35 (ii) State that the purchase by the customer of
36 self-service storage insurance is not required in order to lease self-service

1 storage space;

2 (iii) Clearly and correctly summarize the material
3 terms of each self-service storage insurance policy offered to customers,
4 including without limitation:

5 (a) The identity of the insurer;

6 (b) The identity of the supervising entity;

7 (c) The amount of any applicable deductible
8 and how it is to be paid;

9 (d) The benefits of the coverage; and

10 (e) The key terms and conditions of coverage,
11 including without limitation whether covered property may be repaired or
12 replaced;

13 (iv) Summarize the process for filing a claim;

14 (v) State that the insured customer may cancel
15 coverage under the self-service storage insurance policy at any time, and the
16 person paying the premium will receive a refund of any unearned premium;

17 (vi) Disclose that a limited licensee or the
18 employee of the limited licensee may not evaluate or provide advice
19 concerning a prospective occupant's existing insurance coverage; and

20 (vii) State that the self-service storage facility
21 limited licensee or the employee of the limited licensee is not and may not
22 claim to be a licensed nonlimited lines insurance producer or an insurance
23 expert.

24 (g) Evidence of self-service storage insurance coverage and its terms
25 and conditions shall be disclosed within the rental agreement and provided to
26 every customer who elects to purchase self-service storage insurance
27 coverage.

28 (h) A limited license authorizes an employee or an authorized
29 representative of the limited licensee to act individually on behalf of and
30 under the supervision of the limited licensee with respect to the kinds of
31 coverage specified in this subchapter if the employee or authorized
32 representative of the employee does not:

33 (1) Evaluate or provide advice concerning a prospective
34 customer's existing insurance coverage;

35 (2) Claim to be a licensed nonlimited lines insurance producer
36 or an insurance expert; or

